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**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

In re:

BLOCKFI INC., *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 22-19361 (MBK)

(Jointly Administered)

**APPLICATION IN LIEU OF A MOTION IN  
SUPPORT OF ENTRY OF THE STIPULATION  
AND AGREED ORDER BETWEEN U.S. SECURITIES  
AND EXCHANGE COMMISSION AND DEBTORS TO FOREGO  
RECEIVING DISTRIBUTIONS FROM DEBTORS' BANKRUPTCY ESTATES**

TO: THE HONORABLE CHIEF JUDGE MICHAEL B. KAPLAN UNITED STATES  
BANKRUPTCY COURT FOR THE DISTRICT OF NEW JERSEY:

<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965); and BlockFi Lending II LLC (0154). The location of the Debtors' service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) submit this application in lieu of motion (the “Application”), pursuant to Local Rule 9021-1(b) of the Local Rules of the United States Bankruptcy Court for the District of New Jersey (the “Local Rules”), seeking approval and entry of the proposed *Stipulation and Agreed Order Between U.S. Securities and Exchange Commission and Debtors to Forego Receiving Distribution from Debtors’ Bankruptcy Estates* (the “Proposed Agreed Order”),<sup>2</sup> a copy of which is attached hereto as Exhibit A, and respectfully state as follows:

1. On November 28, 2022 (the “Petition Date”), each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. A detailed description of the Debtors, their businesses, and the facts and circumstances supporting the Debtors’ Chapter 11 Cases are set forth in greater detail in the *Declaration of Mark A. Renzi in Support of Debtors’ Chapter 11 Petitions and First-Day Motions* [Docket No. 17], incorporated by reference herein.

2. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On November 29, 2022, the Court entered an order [Docket No. 42] authorizing procedural consolidation and joint administration of these Chapter 11 Cases pursuant to Bankruptcy Rule 1015(b). On December 21, 2022, the United States Trustee for the District of New Jersey appointed an official committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code (the “Committee”) [Docket No. 130].

3. On June 22, 2023, the Debtors and the U.S. Securities and Exchange Commission (the “Commission,” and together with the Debtors, the “Parties”) filed the *Stipulation and Agreed Order Between U.S. Securities and Exchange Commission and Debtors to Forego*

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<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Proposed Agreed Order.

*Receiving Distribution from Debtors' Bankruptcy Estates* [Docket No. 1099], ensuring that all parties in interest received notice of the Proposed Agreed Order.

4. This Application is submitted pursuant to Local Rule 9021-1(b) in lieu of a motion in support of the Debtors' request that the Court enter the Proposed Agreed Order as presented.

5. The Debtors' *First Amended Joint Chapter 11 Plan of BlockFi, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket. No. 875], filed on May 12, 2023, provides for the SEC Penalty Claims to be subordinated to Account Holder Claims, General Unsecured Claims and Intercompany Claims pursuant to sections 726(a)(4) and 1129(a)(7) of the Bankruptcy Code.

6. As reflected in the Debtors' *Second Amended Joint Chapter 11 Plan of BlockFi, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan") [Docket. No. 1132], filed on June 28, 2023, the Debtors intend to classify the Commission POC as a general unsecured claim in Class 15, and the Commission consents to the Debtors making distributions to holders of Allowed Claims in the Debtors' Chapter 11 Cases without making such a distribution to the Commission on account of the Commission POC, or reserving cash available for such distribution on account of the Commission POC, until payment in full of all other Allowed Claims in Classes 1, 2, 3, 4 and 11.

7. The Parties have agreed to the terms of the attached Proposed Agreed Order.

8. The Debtors submit that the Proposed Agreed Order is in the best interest of the Debtors and their estates.

9. No prior request for the relief sought in this Application has been made to this Court or any other court.

**Notice**

10. The Debtors will provide notice of this Application to the following parties and/or their respective counsel, as applicable: (a) the office of the U.S. Trustee for the District of New Jersey; (b) the Committee; (c) the United States Attorney's Office for the District of New Jersey; (d) the Internal Revenue Service; (e) the U.S. Securities and Exchange Commission; (f) the attorneys general in the states where the Debtors conduct their business operations; and (g) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

*[Remainder of page intentionally left blank]*

**WHEREFORE**, the Debtors request that the Court enter the Proposed Agreed Order, in substantially the form submitted herewith, granting the relief requested herein and such other relief as is just and proper under the circumstances.

Dated: June 28, 2023

/s/ Michael D. Sirota

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